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PROPOSAL TO RELOCATE THE HEADQUARTERS OF THE UNITED NATIONS VOLUNTEERS PROGRAMME FROM GENEVA TO BONN

Proposal of the Secretary-General to relocate the headquarters of the United Nations Volunteers programme from Geneva to Bonn

Report of the Advisory Committee on Administration and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator of the United Nations Development Programme (UNDP) contained in document DP/1995/11 of 2 December 1994 on the proposal of the Secretary-General to relocate the headquarters of the United Nations Volunteers (UNV) programme from Geneva to Bonn. During its consideration of this matter, the Committee met with representatives of the Administrator, who provided additional information on the proposal.

2. The Administrator's report seeks the endorsement by the Executive Board of the offer from the Government of Germany for the relocation of the UNV programme from Geneva to Bonn from 1996 onwards. The Government of Germany made this offer in response to the Secretary-General's proposal of 8 October 1993 to relocate the UNV headquarters to Bonn. Furthermore, in accordance with the Secretary-General's request, the Administrator's report presents a summary of programme, administrative, human resources, financial and legal issues related to the transfer of the UNV headquarters to Bonn, which were reviewed by the United Nations in consultation with the Government of Germany. These issues were studied by a United Nations/UNDP working group, which included UNV representatives, in December 1993 and January 1994. In addition, consultations were held with representatives of Switzerland as required.

3. The Advisory Committee notes from paragraph 10 and annex II of document DP/1995/11 that the Government of Germany would provide substantial support for the establishment of UNV headquarters in Bonn, including, inter alia, doubling

the German contribution to the UNV programmes, suitable rent-free premises for UNV headquarters in Bonn, relocation and installation costs of UNV and its staff and their families moving from Geneva to Bonn, and the cost of German language courses, as well as measures to maintain staffing levels at UNV for a transitional period of four years, with funding of up to $4 million. Moreover, as indicated in annex II, Germany is seeking a headquarters agreement with the United Nations, along the lines of those of other locations in Europe, and is willing to provide access to the German labour market to dependents of UNV employees, without further requirements for work permits.

4. As indicated in paragraph 13, the Secretary-General advised the Permanent Representative of Germany, on 11 October 1994, of his readiness to accept the offer of the Government of Germany, subject to the endorsement by the Executive Board. The Committee notes that, as mentioned in paragraph 19 of annex I of the report, taking into account the needs of the UNV programme, and in consultation with the Government of Germany, the working group has indicated that the most appropriate date for the move of UNV headquarters from Geneva to Bonn would be July 1996.

5. The Advisory Committee notes that the number of staff used as the basis for preparing cost estimates was equivalent to the total of approved posts for 1993, comprising 33 Professional and 70 General Service posts (paragraph 28, annex I of document DP/1995/11). Subsequently, the Committee was informed that the actual authorized staffing table for the 1994-1995 biennium comprises 39 Professionals and 71 General Service posts based on the formula authorized by the former Governing Council (decision 88/46, paras. 10-12). The Committee was also informed that should there be a decline in UNV programme activity as a result of the move to Bonn and consequently a decline in UNV staffing due to the application of the staffing formula, the special transitional subsidy from Germany would apply as early as January 1995 in order to offset such declines for a period of 4 years up to $4 million.

6. Upon request, the Advisory Committee was informed that 10 Professionals of the Humanitarian Relief Unit would remain in Geneva, as part of the UNV liaison office in Geneva. The working group had determined that there was a need to maintain a liaison presence in Geneva for the continuity of certain operations. About one third of UNV activities are now in the peace-keeping, electoral and humanitarian fields. The Humanitarian Relief Unit will work closely with Geneva-based United Nations organizations (e.g., UNHCR, WHO, the Office of the United Nations High Commissioner for Refugees (UNHCR), the World Health Organization (WHO), the International Labour Organization (ILO), the Centre for Human Rights, etc.) and non-governmental organizations (NGOs). Furthermore, as about half of UNV assignments are funded by UNDP headquarters, the Committee was informed that UNV intended to strengthen its North America Liaison Office in New York.

7. The Committee notes from paragraphs 12 and 17 (e) of annex I that it is anticipated that a large number of General Service staff may choose not to relocate to Bonn. The working group has pointed out that this may result in dislocation of programme monitoring activities and reduced administrative and finance capacity, at least during the transitional years, as a result of the

separation of General Service staff and, consequently, the loss of institutional memory.

8. Tentative estimates of transitional costs and of recurring expenditures were calculated by the working group for three scenarios, on the basis of the percentage of General Service staff who may choose to relocate, as follows: (a) 30 per cent, (b) 50 per cent and (c) 80 per cent. As indicated in paragraphs 9(h) and 9(i), depending on the percentage of General Service staff willing to relocate, transitional costs for staff and non-staff costs were estimated by the working group to vary from about $5,187,000 to $7,457,000. Regarding recurrent and non-recurrent expenditure, it was estimated that there could be annual net savings of approximately $1,775,000 under each of the three assumptions. The Advisory Committee notes that, as indicated in annex III of document DP/1995/11, the working group used an average difference of 40 per cent between the salaries paid at Geneva and at Bonn. In this connection, the Committee notes, as indicated in the same annex, that the cost-of-living difference between Geneva and Bonn is less than 20 per cent, as computed by the International Civil Service Commission in recent studies. The budgetary implications of the proposed relocation of the UNV to Bonn are discussed in detail in paragraphs 34 to 61 of annex I to document DP/1995/11. The Committee was furnished with a tabulation of these costs (see annex of the present report).

9. It will be for the Executive Board, taking all relevant factors into account, to make a policy decision on whether to endorse the proposal of the Secretary-General to accept the offer of the Government of Germany to relocate the UNV headquarters to Bonn from mid-1996 onwards. On the basis of such decision as the Executive Board may take, the Advisory Committee will review the actual administrative budget estimates of the UNV programme for the biennium 1996-1997 in conjunction with its review of the UNDP biennial budget proposal for 1996-1997 to be submitted to the Executive Board later in 1995.

Annex

PROPOSED RELOCATION OF UNV TO BONN

I. Transitional costs

(Thousands of dollars)

	Percentage of GS staff moving		
	30%	50%	80%
PERSONNEL COSTS			
Assignment grant (Prof. & GS)	754	929	1 179
Re-assignment shipping costs (P & GS)	346	441	577
Termination indemnity (GS)	1 803	1 277	526
Ex-gratia payment (GS)	1 803	1 277	526
Reassignment travel	50	63	83
Recruitment and training of new staff	281	199	82
Subtotal	5 037	4 186	2 973
NON-STAFF COSTS			
Transfer of records to Bonn	100	100	100
Office furniture	541	541	541
Computer hardware/software	820	820	820
Office equipment	170	170	170
Advance office in Bonn	111	111	111
Contingency	678	593	472
Subtotal	2 420	2 335	2 214
TOTAL TRANSITIONAL COSTS	7 457	6 521	5 187

II. Increase/(decrease) in recurring expenditure

(Thousands of dollars)

PERSONNEL COSTS			
Post adjustment (Professional)	(414)	(414)	(414)
Education grant (P & GS)	51	51	51
Rental subsidy	130	130	130
Insurance subsidy (P & GS)	n/c	n/c	n/c
Salary, pension, dep. allow. (GS)	(1 771)	(1 771)	(1 771)
Subtotal	(2 004)	(2 004)	(2 004)
NON-STAFF COSTS			
Office rent	(525)	(525)	(525)
Utility cost	n/c	n/c	n/c
Telephone/Telex/E-Mail	25	25	25
Travel	74	74	74
Office equipment, furniture, computers	n/c	n/c	n/c
Security	275	275	275
Geneva liaison office	380	380	380
Subtotal	229	229	229
TOTAL RECURRING EXPENDITURE	(1 775)	(1 775)	(1 775)

Note: n/c indicates no change in this category of recurrent expenditure.

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UNITED NATIONS OFFICE FOR PROJECT SERVICES

Financial regulations governing the operations of UNOPS

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator of the United Nations Development Programme (UNDP) and of the Executive Director of the United Nations Office for Project Services (UNOPS) contained in documents DP/1995/7 and DP/1995/7/Add.1 on the financial regulations governing the operations of UNOPS. During its consideration of this item, the Committee met with representatives of UNDP and UNOPS, who provided additional information. The Officer-in-Charge of UNDP introduced the subject before the Committee.

2. The reports were prepared pursuant to Executive Board decision 94/32 and, as indicated in paragraph 3 of document DP/1995/7, the proposed financial regulations will be an annex to the UNDP Financial Regulations; under the proposed Regulation 1.4, for any matter not specifically covered by the UNOPS Regulations, the appropriate provisions of the UNDP Regulations will apply, mutatis mutandis. The comments in the paragraphs below are the Committee's initial reaction to the proposed UNOPS Financial Regulations. The Committee intends to revert to this matter as necessary in the light of actual experience gained in the application of these regulations.

Definitions

3. In the view of the Advisory Committee, some of the definitions introduced under proposed Regulation 2.2 still require some refinement. For instance, definitions of certain terms (e.g., "operational costs", "resources entrusted to the charge of UNOPS" and "support costs") should be rephrased to use the standard nomenclature currently used elsewhere in the United Nations system;

those with an accepted meaning as used in the UNDP Financial Regulations (e.g., "project document") should not be redefined by introducing other concepts as proposed, for instance, in the last sentence of the definition of "project document".

Biennial budget

4. With reference to the proposed regulations for the biennial budget, the Advisory Committee notes that the proposed Regulation 6.1 introduces planning periods, which have not been explained or defined elsewhere in the regulations. The Committee recommends reformulation of this regulation, noting that in UNDP Regulation 9.1 (UNDP biennial budget), the planning periods mentioned in that regulation are clearly defined in Article VI and Article VII of the UNDP Financial Regulations. For purposes of clarity, the reference to "the Advisory Committee" in regulation 6.4 should read "Advisory Committee on Administrative and Budgetary Questions (ACABQ)".

Administration of resources

5. The Advisory Committee notes that under proposed regulation 8.3, an operational reserve will be established at a level set by the Executive Board. In paragraph 5 of document DP/1995/7, the Administrator and the Executive Director propose that the initial level be "set at 20 per cent of the annual UNOPS administrative budget, rounded to the nearest hundred thousand dollars." For 1995, the operational reserve would be set at $6.8 million. Upon enquiry, the Committee was informed that the 20 per cent level was being recommended on the basis of the same principle approved by the former Governing Council for the UNDP operational reserve. However, it is not clear whether the elements to be compensated for and covered by the proposed operational reserve for UNOPS warrant a reserve at this level. The two initial elements mentioned under proposed regulation 8.3 (a), namely, (i) "shortfalls in income" and (ii) "uneven cash flows", which were copied from UNDP Regulation 12.2, appear to be not necessarily applicable to UNOPS. These were not satisfactorily explained to the Committee. With respect to the third element under proposed Regulation 8.3 (i.e., "professional or contractual liabilities associated with UNOPS services"), the document does not provide explanations on this point. The Committee recalls that in paragraph 8 of its report contained in document DP/1994/57, the Committee noted that in the documentation submitted to the Executive Board no information was provided regarding the risks and liabilities to which UNOPS may be susceptible that would warrant the establishment of such reserve.

6. The Advisory Committee observes that the concept of "working capital" used in proposed regulation 8.5 is undefined in the regulations. As indicated in paragraph 5 (a) (iii) of document DP/1995/7, the balance of unspent income will be considered "working capital" and the initial amount of working capital, as stated in this paragraph, is $2.2 million. Under the proposed Regulation 8.5, the Administrator and the Executive Director propose to utilize this amount in accordance with the provisions of Article VI and VII of the proposed regulations. The Committee does not recommend the establishment of a working capital fund in addition to the operational reserve. The Committee reiterates its previous recommendation, contained in paragraph 9 of document DP/1994/57,

that UNOPS submit to the Executive Board proposals on policy guidelines for the application of surplus income.

Management of funds

7. The Advisory Committee is of the view that the proposed Regulation 9.1 should be reworded taking into account UNDP Regulation 13.1.

8. With regard to the accounting treatment of losses of cash, stores and other assets, the Advisory Committee notes that the last sentence of regulation 10.4 proposes that "such amounts shall, for administrative efficiency, be charged directly to the relevant allotment/budget line". In this regard, the Committee is of the view that the accounting treatment proposed in this regulation be applied in such a manner as to ensure that the actual expenditure against the authorized allotment/budget line is discernible.